



SOLICITATION AMENDMENT

Solicitation No. **HP632209**

Amendment No: 3

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Solicitation Due Date: March 7, 2007

3:00 P.M.

ARIZONA DEPARTMENT OF HEALTH SERVICES

1740 West Adams, Room 303
Phoenix, AZ 85007
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Contact: Karen Boswell

The Uniform Instructions to Offerors that were an attachment to Solicitation Amendment No. 2 are now available by reviewing the current posted version of Amendment No. 2.

A signed copy of this amendment must be submitted with your Solicitation Response.

This Solicitation is amended as follows.

Vendor hereby acknowledges receipt and understanding of above amendment

Signature

Date

Name and Title:

Name of Company:

The above referenced Solicitation Amendment is hereby executed this 6th day of February, 2007 in Phoenix, Arizona.

Signature

Title: Christine Ruth, Deputy Procurement Administrator

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Special Instructions, page 16, M. Evaluation Process, add the following sentence as the last sentence of the second paragraph:

ADHS shall be the sole determiner of the site(s) selected for on-site/oral presentations.

Scope of Work, page 149 and 150, Section K. Management Information Systems, 2. Claims Payment Encounter Reporting, first paragraph is stricken in its entirety and replaced with the following:

The Contractor shall develop and maintain a claims payment system capable of processing, cost-avoiding and paying claims in accordance with requirements outlined in this Contract, Federal regulations, and State law. The Contractor shall pay ninety percent (90%) of all clean claims within thirty (30) days of receipt of the clean claim and ninety-nine percent (99%) shall be paid within 90 days of receipt of the clean claim. The receipt date of the claim is the date stamp on the claim. The paid date of the claim is the date on the check or other form of payment. Claims submission deadlines shall be calculated from the date of service or the effective date of eligibility posting, whichever is later. The Contractor must be capable of submitting, upon request by a provider, an electronic Health Care Claim Payment/Advice 835 transaction in accordance with HIPAA requirements. When sending remittance advices along with payment to providers, the Contractor shall include, at a minimum, adequate descriptions of all denials and adjustments, the reasons for the denials and adjustments, the amount billed, the amount paid, and provider appeal rights for claims dispute.

Scope of Work, page 150, Section K. Management Information Systems, 2.b. Encounter Submissions, first paragraph is stricken in its entirety and replaced with the following:

The Contractor shall submit encounters to ADHS in accordance with the CIS File Layout Specifications Manual, ADHS/DBHS Office of Program Support Procedures Manual, ADHS/DBHS Provider Manual, the ADHS/DBHS Covered Services Guide, and the Financial Reporting Guide for Regional Behavioral Health Authorities. The Contractor shall meet all timeliness, accuracy, and omission of data requirements for processing encounters in accordance with the ADHS/DBHS Office of Program Support Procedures Manual. The Contractor shall be subject to sanctions for non-compliance with encounter submission standards.

Scope of Work, page 161 M. Finance and Rates 5. Financial Management and Reporting, last sentence of the third paragraph is stricken in its entirety and replaced with the following:

Notwithstanding the Circular A-133 regulations restricting the inclusion of Medicaid programs, the Contractor shall include Title XIX and Title XXI as major programs for the purpose of this Contract.

Special Terms and Conditions, page 184 F. Risks and Liability 2. Insurance d. Acceptability of Insurers is stricken and replaced in its entirety with the following:

Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A-VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

Proposal Content question C-4 on page 216 is stricken in its entirety and replaced with the following:

4. Assuming there is an aggressive implementation schedule for this Contract, identify what functions the Offeror could perform within one (1) month of Contract award (e.g., claims payment, processing grievances and appeals, prior authorization) and the amount of lead time required for the remaining functions. Limit six (6) pages.

Proposal Content question A. 3.b. is stricken in its entirety and replaced with the following:

- b. Provide the number of government/public sector customers for which the Offeror has managed the behavioral health care services of persons eligible for Medicaid in the most recent five (5) calendar years (i.e., 2002, 2003, 2004, 2005, and 2006).¹ Indicate how many of these contracts were at full risk.

¹ It is permissible to substitute the next largest contract for with the Offeror provides the relevant program requirement if the Offeror identifies the customer(s) in A.3.c. for which the Offeror does not offer the program requirement and the customer that is substituted and provides the information required in the chart in A.3.c for the substitute customer.

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Proposal Content question A.3.d., is stricken in its entirety and replaced with the following:

d. Provide the percentage and dollar amounts of Offeror's managed behavioral health care revenue attributed to government/public sector customers in fiscal years 2004, 2005, 2006, and the first quarter of fiscal year 2007.

Proposal Content question E. 20., is amended to add the following as the next to last sentence:

Identify the customer who can verify this experience.

Proposal Content question G. 11., first sentence of the second paragraph of the question is stricken in its entirety and replaced with the following:

Describe in detail how this requirement will be met.

Attachment A pages 246 and 247 table headers are stricken and replaced with the following:

Contract Year 2007/2008

Category of Service	Title XIX				Non-Title XIX	
	Child	Child CMDP	SMI	GMH/SA	SMI	GMH/SA

Contract Year 2008/2009

Category of Service	Title XIX				Non-Title XIX	
	Child	Child CMDP	SMI	GMH/SA	SMI	GMH/SA

Contract Year 2009/2010

Category of Service	Title XIX				Non-Title XIX	
	Child	Child CMDP	SMI	GMH/SA	SMI	GMH/SA

Attachment C Performance Guarantees and Incentives, page 250, footnote 10 is stricken in its entirety and replaced with the following:

¹⁰ Risk allocation is expressed in terms of the percent of fees at risk. Risk allocations shall total 100 percent. For example, if .25 of 1% of the annual capitation is \$1,250,000 the annual penalty would be \$125,000 for nonperformance on a metric with a 10 percent Risk Allocation, and \$62,500 on a penalty with a 5 percent risk allocation.

Attachment C Performance Guarantees and Incentives, page 252, Pre and Post Implementation Milestones risk allocation has been changed from 35% to 45%.

Attachment D and Exhibit B capitation rates for the DD population are amended as follows:

Population	Capitation PM/PM	1% Incentive	Total Potential PM/PM
DES DD ALTCS eligible adults representing the cost of providing covered behavioral health services to DES DD ALTCS adults	\$94.98	\$ 0.95	\$95.93
DES DD ALTCS eligible children representing the cost of providing covered behavioral health services to DES DD ALTCS children	\$82.41	\$ 0.82	\$83.23